

FISCAL NOTE

Bill #: HB0361

Title: Revise opencut mining act

Primary Sponsor: Gallik, D

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
State Special Revenue	\$166,732	\$157,278
Revenue:		
State Special Revenue	\$172,375	\$172,375

Net Impact on General Fund Balance:

<input type="checkbox"/> Significant Local Gov. Impact	<input type="checkbox"/> Technical Concerns
<input checked="" type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Dedicated Revenue Form Attached	<input type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality (DEQ)

1. This bill proposes to provide the Department of Environmental Quality (DEQ) with the authority to impose annual fees on all open cut mining permittees to fund portions of the open cut mining program budget that are not funded through general fund or resource indemnity trust (RIT) appropriations.
2. The bill does not change the work level of the open cut program. However, the annual fee proposal would provide DEQ with additional funding to hire an additional 2.50 FTE for the program: two full-time pay band six environmental specialists and a half-time pay band four accounting technician to administer the fee program.
3. One of the environmental specialists and accounting technicians would be located in the Helena office of DEQ. The other environmental specialist would be strategically located elsewhere in the state, involving set-up and maintenance costs of a new office. Personal services costs are \$101,430 FY 2006 and \$101,100 FY 2007. Operating expenses are \$65,302 FY 2006 and \$56,178 FY 2007 and include office rent and vehicle leasing, office and field supplies and services (e.g., desks, computers, telephones, janitorial, education/training, and gasoline) and agency indirect costs.
4. The amount of revenue generated by the annual fee system is estimated to be \$176,475 in each of FY 2006 and FY 2007, based upon the following possible schedule and calculations. In mid 2004, there were 1,888 open cut operations under permit. Assuming that the program will have a similar number of permits

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(continued)

in the next biennium, these permits could be distributed according to the following categories of permit acreage and fees, resulting in the indicated total of fees collected per year:

Up to 25 acres - 1,697 permits x \$75/permit	= \$127,275
25 – 50 acres – 116 permits x \$150/permit	= \$ 17,400
50 – 100 acres – 44 permits x \$300/permit	= \$ 13,200
over 100 acres – 31 permits x \$600/permit	= <u>\$ 18,600</u>
TOTAL=	\$176,475

5. This bill also proposes to delete the requirement for a fee of \$50.00 to be filed with the submittal of a new permit application. The department received an average of approximately \$4,100 per year in open cut mining permit application fees for the last two fiscal years. These fees are deposited in the state environmental and rehabilitation response account. Thus, the revenue figures for state special revenue reflect a reduction of \$4,100 per year in both FY 2006 and FY 2007.

FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	2.50	2.50

Expenditures:

Personal Services	\$101,430	\$101,100
Operating Expenses	<u>\$65,302</u>	<u>\$56,178</u>
TOTAL	\$166,732	\$157,278

Funding of Expenditures:

State Special Revenue (02777)	\$166,732	\$157,278
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Revenues:

State Special Revenue (02777)	\$176,475	\$176,475
State Special Revenue (02097)	(\$4,100)	(\$4,100)

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

State Special Revenue (02777)	\$9,743	\$19,197
State Special Revenue (02097)	(\$4,100)	(\$4,100)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments that have open cut mining permits would be required to pay an annual fee.